

Utah Insurance Department

Content Standards

Accelerated Benefits

NOTE: These Standards are provided to assist the insurer in filing forms and rates. They are not intended to be all inclusive and are a work in progress. References beginning with "31A" refer to the insurance code as part of Utah Code Annotated (U.C.A.) and those beginning with "R590" refer to department rules as part of the Utah Administrative Code (U.A.C.). The comments are a brief synopsis of the referenced material and do not contain all requirements or exceptions. All references should be reviewed for compliance. **As required by U.C.A. § 31A-21-201(2), the insurer is responsible for assuring that forms and rates submitted are in compliance with the Utah Insurance Code and Rules.** NOTE: Only accelerated benefit riders that qualify under R590-145 should be submitted to the Life Insurance Division.

GENERAL REQUIREMENTS		
Accelerated Benefit - Type of Product	R590-145	<p>Accelerated benefit riders are primarily mortality (incidence of death) risks rather than morbidity (incidence of sickness) risks. They are life insurance benefits subject to 31A-22 Part 4 and 31A-22 Part 5.</p> <p>Accelerated benefits:</p> <ul style="list-style-type: none"> are payable to a policyholder or certificateholder during the lifetime of the insured, in anticipation of death or upon the occurrence of specified <u>life threatening or catastrophic conditions</u>; reduce the death benefit; and are payable upon the occurrence of a "qualifying event" as defined in R590-145-2. <p>NOTE: Accelerated benefit riders that are based on morbidity such as confinement for long-term care, home health care, nursing home care, skilled nursing care, chronic illness, critical illness, dread disease, and specified diseases are subject to and U.C.A. 31A-22 Part 14 and Rule R590-148; and U.C.A. 31A-22 Part 6 and Rules R590-85 and R590-126. Refer to the Accident and Health Content Standards when submitting to the HEALTH INSURANCE DIVISION for morbidity based accelerated benefit riders.</p>
Accurate & Complete Information	31A-2-202(6)	The filing must include the signed and dated <u>certification of compliance</u> in the transmittal form. All data must be accurate, complete and consistent throughout the filing.
Claims Settlement	31A-26-301 R590-191-4 R590-191-5	All proceeds and claims settlement provisions must be in compliance with U.C.A. § 31A-26-301(1) and R590-191-4 that establishes the minimum standards for prompt claim handling and requires that the company must act within 15 days of receipt of due proof of loss; and R590-191-5 requires payment of interest if the claim is not settled within 15 days of completion of the investigation.
Coverage Name and Description	R590-145-6A	"Accelerated Benefit" must be included in the descriptive title along with a brief description of the coverage and special features.
Criteria for Payment	R590-145-5	<p>All riders and accelerated benefit provisions must provide:</p> <ul style="list-style-type: none"> a lump sum option; and no restrictions on use of proceeds
Data Page	31A-21-201(3)(a) R590-226-7	The data page must show the rider by title and description, the premium (if any), the expiration date (if any), and any other basic information. All John Doe information must be consistent with the other contents of the filing including the policy summary, disclosure forms, and the actuarial memorandum.
Disclosure Forms	R590-145-6B(1) R590-145-6B(2) R590-145-6D	<p>Disclosure requirements for individual and group:</p> <ul style="list-style-type: none"> <u>Initial disclosure document:</u> A written description of the benefit, conditions required for payment, and effect on the policy values, death benefit, premium, and loans. If there is a premium charge or cost, provide a numeric illustration showing the effect the accelerated benefit payment will have on policy values, death benefit, premium, and loans. Disclose benefit costs and methods of determining costs including premium, interest, present value calculation, and administrative fees. No charges may be made other than as authorized by the rule. <u>Effect of Benefit Payment disclosure document:</u> A statement (may be in table format) showing the effect that payment of accelerated benefit will have on policy values, death benefit, premium, and loan. The statement must disclose that payment of the benefit may affect Medicaid eligibility and payment may be taxable. Periodic statements may be required if multiple payments are provided.
Discrimination	R590-145-9	Unfair discrimination among insureds with differing qualifying events is prohibited.

Effective Date	R590-145-7	R590-145-7 requires the benefit to be effective for accidents on the effective date of the rider and for illness no more than 30 days following the effective date of the rider.
Filing of Forms	31A-21-201 R590-226-5 R590-226-7	Forms are accepted on a "FILE AND USE" basis. It is the insurer's responsibility that the filing is in compliance with Utah law and rules.
Pre-existing Exclusion	R590-145-7	The rule prohibits a pre-existing condition exclusion.
Unfair, Misleading, Deceptive Provisions.	31A-21-201(3)(a)	Forms cannot be inequitable, unfairly discriminatory, misleading, deceptive, obscure, unfair, encourage misrepresentation, or not in the public interest.
Variability - (Bracketed Data)	31A-21-201 R590-226-6	Any information that is variable must be bracketed and must be explained in a statement of variability. Any change in the items contained within the brackets must be refiled prior to use.
ACTUARIAL DOCUMENTS		
Actuarial Memorandum and Certification of Compliance	R590-145-10 R590-145-11	An actuarial memorandum must be included in the filing. The memorandum must include a description of the benefits, risks, premium charge (if any), cost method, and reserves. Methods of determining accelerated benefits costs must comply with the requirements in the rule. Methods allowed: premium charge, present value of face amount, or lien interest charge. Effect on cash value must comply with R590-145-10B.